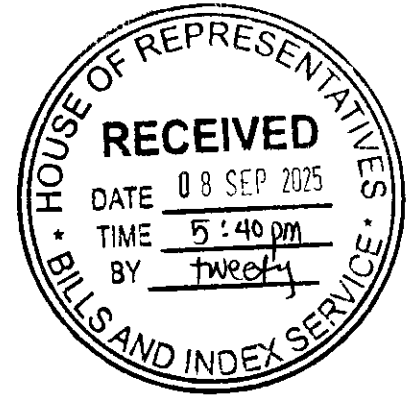




Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

Twentieth Congress
First Regular Session



HOUSE BILL NO. 4438

Introduced by Representative Johanne Monich G. Bautista

EXPLANATORY NOTE

The Philippines' strategic archipelagic geography and skilled and competitive labor force provide for a unique position and promising potential for the Philippines to become a leading hub in the shipbuilding and ship repair industry. However, the country's industry remains untapped, lagging behind its regional competitors.

This bill seeks to provide a comprehensive national policy and legal framework to support the growth and development of the Philippines' shipbuilding and ship repair industry. Towards these ends, the bill institutionalizes a national strategy for coordinated government support, modernization, targeted incentives, streamlined regulations, and human capital development.

The growth and development of the Philippine shipbuilding and ship repair industry will create thousands of quality and sustainable employment opportunities for the Filipino workers, stimulate economic activities in coastal communities, and enhance the country's maritime capabilities not only for commercial, but also for security purposes.

In view of the foregoing, the immediate passage of this bill is immediately sought.


JOHANN MONICH G. BAUTISTA
Representative, TRABAHO Party-List



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HOUSE BILL NO. 4438

Introduced by Representative Johanne Monich G. Bautista

**AN ACT DEVELOPING AND EXPANDING THE PHILIPPINE SHIPBUILDING
AND SHIP REPAIR, BOATBUILDING AND SHIP RECYCLING INDUSTRIES,
AND FOR OTHER PURPOSES**

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

SECTION 1. *Short Title.* – This Act shall be known as the “*Shipbuilding and Ship Repair (SBSR) Development Act of 2025.*”

CHAPTER I
GENERAL PROVISIONS

SECTION 2. *Declaration of Policy.* – It is the declared policy of the State to promote industrialization and full employment through industries that make full and efficient use of human and natural resources, and which are competitive in both domestic and foreign markets. Moreover, it is the policy of the State to establish and operate vital industries in the interest of national welfare or defense.

The State recognizes the vital role of the shipbuilding and ship repair industry to the maritime sector and the economic growth of the country.

SECTION 3. *Statement of Objectives.* – The following are the objectives of this Act:

- (a) To encourage the development of a viable shipbuilding, ship repair, boatbuilding, and ship recycling industries to support the Philippine Ship Registry and its strict adherence to safety standards to ensure the seaworthiness of all ships;
- (b) To attract capital and increase investments in the said industries by creating a healthy, competitive, and sustainable business environment for SBSR operations;

- (c) To provide adequate capital incentives for the continued growth of the Philippine shipbuilding, ship repair, boatbuilding, and ship recycling industries;
- (d) To improve and enhance Filipino shipyard human resource skills and competencies to adopt new emerging technologies and latest trends in the shipbuilding and ship repair, boatbuilding and ship recycling sector;
- (e) To promote green shipyards, green ships, and green jobs;
- (f) To provide continued modernization and expansion of the country's domestic shipping fleet for comfortable, accessible, affordable, safe, and sustainable water transport in the country; and
- (g) To enhance and support the country's national defense.

SECTION 4. *Definition of Terms.* – As used in and for purposes of this Act, the following terms are hereby defined as follows:

- (a) ***Act*** refers to the SBSR Development Act of 2025;
- (b) ***Boatbuilding*** refers to the design, construction, outfitting, and launching of watercraft with sizes up to 50 meters in length in the boatyard;
- (c) ***Green job*** refers to a job that contributes to preserving or restoring the quality environment, be it in manufacturing and construction sectors or emerging green sectors such as renewable energy and energy efficiency among others. Specifically, but not exclusively, this includes jobs that help protect ecosystems and biodiversity, reduce energy, materials, and water consumption through high-efficiency strategies, decarbonize the economy, and minimize or altogether avoid the generation of all forms of waste and pollution;
- (d) ***Green ship*** refers to any ship that contributes towards improving the present environmental condition in some way. Green ship technology adopts procedures to decrease emissions, consume less energy, and be more efficient;
- (e) ***Green shipyard*** refers to a shipyard that operates to construct, repair, modify, or convert a ship, using different processes and systems, that has an environmental impact on both energy use and prevention of pollution;
- (f) ***MARINA*** refers to the Maritime Industry Authority;
- (g) ***MARINA-registered shipbuilding and ship repair (SBSR) entity*** refers to a citizen of the Philippines, a commercial partnership owned by a majority of Filipinos, or a corporation incorporated under the laws of the Philippines, the capital of which is owned or controlled in any proportion by Filipinos or foreign nationals, or by both such Filipinos or foreign nationals, or by corporations whether Filipino or foreign-owned, which is duly authorized by MARINA to engage in the business of shipbuilding, ship repair, boatbuilding and/or ship recycling, or to otherwise operate a shipyard, graving dock, or marine repair yards;

- (h) ***Novel type ship*** refers to a ship that is not designed, constructed, or used according to the traditional form infused with modern and latest marine technology considered in the formulation of new rules and regulations;
- (i) ***Prototype ship*** refers to a ship patterned from an original ship model built to test and evaluate new ship design to enhance seaworthiness and safety of ships by naval architects, ship designers, academe and/or shipbuilders;
- (j) ***Ship*** refers to any kind, class, or type of craft or artificial contrivance capable of floating in water, designed to be used, or capable of being used, as a means of floating in water for the carriage of passengers or cargo, or both, utilizing its own motive power or that of another;
- (k) ***Shipbuilding*** refers to the design, construction, launching, and outfitting of all types of ships and watercraft;
- (l) ***Ship repair*** refers to the overhaul, refurbishment, renovation, improvement, or alteration of the hull, machinery, equipment, outfits and components of all types of ships;
- (m) ***Ship recycling*** refers to all associated operations including mooring or beaching, dismantling, recovery of materials, and re-processing;
- (n) ***Shipyards*** refers to the shipbuilding or repair facilities that have the capability to put ships out of water in a drydock or to put ships above the water surface in order to affect ship work on ships, appendages, structure, machinery, and equipment;
- (o) ***Shipyards Facility Safety Standards*** refers to the set of required standards for shipyard facilities prior to their operation, modernization, expansion, or closure in accordance with applicable conventions and regulations;
- (p) ***Shipbuilding and Ship Repair Safety Standards*** refers to the safety and seaworthiness standards for the construction and repair of ships by a Registered Shipbuilding and Ship Repair Entity prior to commissioning in accordance with those prescribed by the International Maritime Organization (IMO);
- (q) ***Spare Parts*** refer to replacement parts or components of a ship, including but not limited to its hull, engines, machinery, equipment, appurtenances, necessities, accessories, articles, supplies, materials, steel plates, aluminum plates, other metal plates, communications equipment, and other parts or components thereof, installed aboard the ship necessary for its safe and efficient navigation and operation; and
- (r) ***Technologically improved hull material*** refers to a combination of two or more constituent materials with significantly different physical and chemical properties that when combined, produce a material that is stronger, lighter or resistant to corrosion or electricity such as FRP, carbon fiber (graphite), Kevlar, quartz, polyester and other similar materials.

CHAPTER II

INCENTIVES AND INSTITUTIONAL SUPPORT AND ARRANGEMENTS

SECTION 5. *Incentives.* – To promote investments and to ensure the development of a viable shipbuilding and ship repair, boatbuilding, and ship recycling industries in the Philippines, the following incentives shall be granted to qualified MARINA-registered SBSR Entities:

- (a) **Value-Added Tax (VAT) Exemption.** The purchase and/or importation of capital equipment, machinery, spare parts, life-saving and navigational equipment, and raw materials, such as steel plates and other metal plates, including marine-grade aluminum plates or steel or other technologically improved hull material to be used in the construction, repair, renovation, alteration, modification, conversion, or maintenance of the hull of any ship shall be exempt from VAT. Unless the purchase and/or importation of capital equipment, machinery, spare parts, life-saving and navigational equipment, and/or raw materials are to be used in the construction, repair, renovation, alteration, modification, conversion, or maintenance of the hull of any ship, or the construction, repair, expansion, renovation, alteration, modification or rehabilitation of its shipyard facilities, such exemption from VAT shall be availed of within ten (10) years from the effectivity of this Act.

Approval by MARINA shall be required prior to the purchase and/or importation of articles under this Section.

VAT exemption under this Section shall be subject to the following conditions:

- (i) The entity applying for VAT exemption must be MARINA-registered SBSR entity;
 - (ii) Articles are not manufactured domestically in sufficient quantity of comparable quality;
 - (iii) Articles are directly imported by the MARINA-registered SBSR entity; and
 - (iv) Articles are reasonably needed, and will be used exclusively by the MARINA-registered SBSR entity in its shipyard operations.
- (b) **Income Tax Holiday (ITH) for the Expansion/ Upgrading of SBSR Facilities and shipyard operations.** A new or existing MARINA-registered SBSR entity intending to expand/upgrade its facilities and/or operations shall be granted an ITH for four (4) to ten (10) years; Provided, that the entity shall show proof that there is an increase in the number of its personnel and investment, subject to such guidelines as may be prescribed by MARINA.
- (c) **Tax Credit on Domestic Capital Equipment and Materials.** A tax credit equivalent to one hundred percent (100%) of the value of the national internal revenue taxes and customs duties that would have been waived on machinery, equipment, and spare parts had these items been imported shall be given to the new and/or expanding/upgrading MARINA-registered SBSR entity which purchases machinery, equipment and spare parts from a domestic manufacturer.

The purchase of machinery, equipment, and spare parts shall be granted tax credit; Provided, that said equipment, machinery, and spare parts are reasonably needed and

will be used exclusively by a MARINA-registered SBSR entity in the manufacturing of its products; Provided further, that such purchase is made within ten (10) years from the date of effectivity of this Act. If MARINA-registered SBSR entity sells, transfers, or disposes of these machinery, equipment, and spare parts, the disposition shall comply with the guidelines prescribed by MARINA.

- (d) **Tax and Duty Exemption on Imported Capital Equipment and Materials.** The importation of machinery, equipment, and materials for shipbuilding, ship repair and/or construction of shipyard facilities, including capital equipment that would be used directly and exclusively to promote green jobs, green ships, and green shipyards, as well as replacement and spare parts for the repair and overhaul of ships such as steel plates, electrical machinery and electronics parts including shipyards facilities, shall be exempt from the payment of customs duty and compensating tax, Provided that:
- (i) MARINA certifies that the item or items imported are not produced locally in sufficient quantity and acceptable quality at reasonable prices and that the importation is directly and actually needed and will be used exclusively for the construction, repair, alteration, or overhaul of merchant ships and other watercraft;
 - (ii) If the above machinery, equipment, materials, and spare parts are sold to non-tax-exempt persons or entities, the corresponding duties and taxes shall be paid by the original importer; and
 - (iii) Local dealers and/or agents who sell machinery, equipment, materials, and accessories to shipyards for shipbuilding and ship repair are entitled to tax credits, subject to approval by MARINA, equivalent to the total tariff duties and compensating tax paid for said machinery, equipment, materials, and accessories.
- (e) **Tax incentives for green projects.** MARINA-registered SBSR entities shall be entitled to tax deduction equivalent to 50% of the total cost for skills training and research and development for green jobs creation in conserving and preserving the environment, pursuant to Republic Act No. 10771 or the Green Job Act.
- (f) **Percentage Tax Exemption.** The gross receipts derived by MARINA-registered SBSR entity from shipbuilding and ship repairing activities shall be exempt from the payment of Percentage Tax under Section 116 of the National Internal Revenue Code, as amended, for the first ten (10) years from registration with MARINA: *Provided*, That such registration is effected not later than the year 2040.
- (g) **Tax Break for SBSR Research and Development (R&D).** The technology adaptors (ship operators/manufacturers) that will adopt locally developed R&D marine research through a duly notarized technology transfer agreement/technology licensing shall be entitled to a research tax break for a period of five (5) years.

SECTION 6. Institutional Support and Arrangements. – In addition to the foregoing incentives, the following institutional support and arrangements shall be granted to qualified MARINA-registered SBSR Entities:

- (a) **Issuance of Permits, Licenses, and Approvals by Local Government Units (LGUs).** Upon assessment of local taxes and fees, a MARINA-registered SBSR entity intending to operate or operating within the jurisdiction of a particular LGU shall immediately be issued local permits, licenses, or approvals, subject to no further conditions required by the concerned LGU for their continued operation.
- (b) **Priority in Entry to Philippine Registry.** Ships built by MARINA-registered shipyards shall be given priority for entry into the Philippine Registry and allowed to operate in the domestic trade.
- (c) **Validity of Foreshore Lease Agreement.** Foreshore lands, marshy lands, and other lands bordering water or banks of navigable lakes or rivers to be occupied, developed, utilized, and managed for shipbuilding, ship repair, ship recycling, shipbreaking, and such other associated industrial activities conducted within the confines of the shipyard shall be covered by a Foreshore Lease Agreement valid for fifty (50) years to be secured from the Department of Environment and Natural Resources (DENR), which shall be renewable for another fifty (50) years.
- (d) **SBSR Financing Programs.** Government financial institutions shall develop attractive financing programs for MARINA-registered SBSR entities and shall provide financing assistance, training, and consultancy services that will promote, develop, and foster a sustainable and progressive maritime industry.
- (e) **SBSR Research and Development.** Research and development (R&D) for the SBSR industry shall be promoted and granted the following institutional support:
 - (i) R&D initiatives of the Department of Science and Technology (DOST) are exempted from the regulatory guidelines related to the ship registration and classification provided, that the plans are duly reviewed and approved by MARINA;
 - (ii) The prototype or novel type ship produced through DOST-Grants-In-Aid (GIA) and tagged as marine research production may operate for a period of one (1) year as part of its performance testing related to research, development, and demonstration; and
 - (iii) MARINA, through the cooperation of the DOST-GIA, shall craft a policy that will provide a clear adoption policy on the use of locally developed R&D marine research production, one (1) month after the ships' completion.
- (f) **Employment of Foreign Nationals.** A MARINA-registered SBSR entity may employ foreign nationals in supervisory, technical or advisory positions for a period not exceeding five (5) years from its registration, extendible for limited period, upon demonstration with MARINA of the continuing need for specialized skills not available locally as certified by the Department of Labor and Employment (DOLE) or the Technical Education and Skills Development Authority (TESDA), subject to compliance with the applicable laws, rules, and regulations of the DOLE and the Bureau of Immigration.

When the majority of the capital stock of a MARINA-registered SBSR entity is owned by foreign investors, the position of president, treasurer and general manager or their equivalents may be retained by foreign nationals beyond the period set forth herein, provided that at least one (1) Filipino officer is designated to oversee compliance with domestic regulations and corporate governance.

Foreign nationals employed pursuant to the provisions of this Act, their spouse, and unmarried children under twenty-one (21) years of age, who are not excluded by Section 29 of Commonwealth Act No. 613, as amended, shall be permitted to enter and reside in the Philippines during the period of employment of such foreign nationals, subject to the relevant laws, rules, and regulations.

Each MARINA-registered SBSR entity shall implement a Skills Transfer Plan for Filipino understudies in administrative, supervisory, and technical positions, and submit to MARINA and TESDA an annual report on the progress and outcomes of such training.

CHAPTER III

SHIPYARD DEVELOPMENT FUND

SECTION 7. *Shipyard Development Fund (SDF).* – Any and all amounts which would otherwise have been paid as percentage tax shall be set aside as a separate fund, to be known as “Shipyard Development Fund” or SDF by the MARINA-registered SBSR entity for the purpose of expansion, modernization, and/or improvement of the said entity’s own shipbuilding or ship repairing facilities. For this purpose, the said MARINA-registered SBSR entity shall submit an annual statement of its receipts to MARINA: *Provided*, That any disbursements from such fund for any of the purposes hereinabove stated shall be subject to approval by MARINA.

CHAPTER IV

INTER-AGENCY COUNCIL ON SHIPBUILDING DEVELOPMENT

SECTION 8. *Inter-Agency Council on Shipbuilding Development.* – An Interagency Council on Shipbuilding Development, hereinafter referred to as the Council, is hereby created to ensure policy coordination, strategic planning, and oversight in the implementation of this Act, and in the overall development of the shipbuilding, ship repair, boatbuilding, and ship recycling industries. The Council shall be composed of the following:

- (a) Administrator of MARINA as Chairperson;
- (b) Secretary of Trade and Industry as Vice-Chairperson;
- (c) Director General of the Technical Education and Skills Development Authority, as Member;
- (d) Secretary of Transportation as Member;
- (e) Secretary of Finance as Member;
- (f) Secretary of Science and Technology as Member;
- (g) Secretary of Labor and Employment as Member;
- (h) Secretary of Environment and Natural Resources as Member; and
- (i) Three (3) private sector representatives from the SBSR industry, including at least one (1) from shipyards and one (1) from marine parts and equipment suppliers.

SECTION 9. *Role of the Department of Transportation (DOTr) - Maritime Industry Authority (MARINA).* – DOTr-MARINA shall have the following responsibilities:

- (a) In consultation with the Philippine Economic Zone Authority (PEZA), Board of Investments (BOI), and the Department of Finance (DOF), promulgate rules and regulations together with the procedures and guidelines for the proper and efficient implementation of the above provisions on incentives;
- (b) Promulgate a set of standards and regulations, such as the shipyard facility safety and environment protection standards and the SBSR safety standards, which all MARINA-registered SBSR entities are required to comply with in order to avail of the incentives and institutional support and arrangements granted under this Act. Such standards shall be formulated by MARINA, in coordination with all relevant government agencies and shall be revised every five (5) years;
- (c) Inspect the shipyard facilities of all SBSR entities to ensure compliance with the shipyard facility safety standards and to recommend further expansion/upgrading or closure of a shipyard facility; and
- (d) Inspect and survey all ships and all its machinery and equipment onboard to ensure compliance with the SBSR safety standards during the period of construction, modification, alteration, or conversion by a MARINA-registered SBSR entity.

SECTION 10. *Role of the Department of Trade and Industry (DTI) - Board of Investments (BOI) and Bureau of Philippine Standards (BPS).* – DTI-BOI and DTI-BPS shall have the following responsibilities:

- (a) DTI-BOI, in coordination with MARINA, shall encourage local and foreign investors to participate in shipyard development projects;
- (b) DTI-BOI, in coordination with MARINA, shall participate in the creation of policies and regulations that support the growth of the shipbuilding industry;
- (c) DTI-BOI, in coordination with MARINA, shall assess the viability of shipyard projects and grant them necessary permits and approvals;
- (d) DTI-BOI, in coordination with MARINA, shall track the performance of shipyard projects and ensure compliance with investment agreements;
- (e) DTI-BOI, in coordination with MARINA, shall establish an integrated iron and steel industry for the SBSR and other ancillary-related industries; and
- (f) DTI-BPS, in coordination with MARINA, shall assist in the formulation of industry standards for the shipbuilding and ship repair, boatbuilding and ship recycling sector.

SECTION 11. *Role of the Technical Education and Skills Development Authority (TESDA).* – TESDA shall, in coordination with MARINA, have the following responsibilities:

- (a) Develop a training and certification program for shipyard workers subject to the standards consistent with the circulars and other issuances;

- (b) Ensure that the development of the training and certification program is in accordance with the approved MARINA-TESDA procedures and that records of review and validation are maintained;
- (c) Effect the changes on the training and certification program based on the results of review and verification by both MARINA and TESDA;
- (d) Develop the Competency Assessment and Certification arrangements for the graduates of the training programs on SBSR; and
- (e) Develop an occupational map for the SBSR industry and its workers.

SECTION 12. *Role of the Department of Finance (DOF) - Bureau of Internal Revenue (BIR).* – DOF - BIR, in coordination with MARINA, shall review the regulations and processes for the grant of tax incentives under this Act, in accordance with the National Internal Revenue Code of 1997, as amended, and Republic Act No. 11534 or the CREATE Act.

SECTION 13. *Role of Department of Science and Technology (DOST) - Philippine Council for Industry, Energy and Emerging Technology Research and Development (PCIEERD).* – DOST-PCIEERD, in coordination with MARINA, shall have the following responsibilities:

- (a) Provide financial and technical support to the SBSR industry's research and development projects, consistent with the priorities identified in the national research agenda for industry, energy, and emerging technology sectors. Research grants may be availed of by government research and academic institutions, as well as companies in accordance with Republic Act No. 11293 or the Philippine Innovation Act; and
- (b) Provide the mechanism of assessment, evaluation, and monitoring of SBSR research and development projects and updating of national research and development plans.

SECTION 14. *Role of the Department of Labor and Employment (DOLE).* – The DOLE, in coordination with MARINA, shall have the following responsibilities:

- (a) Provide relevant Occupational Safety and Health (OSH) Standards specific to the SBSR sector;
- (b) Provide knowledge and information services/data on OSH standards, programs, and enforcement activities, and recommend mechanisms to harmonize different OSH Promotion campaigns with partner agencies to the SBSR sector;
- (c) Plan, develop, and implement OSH training programs for the SBSR sector, through its Occupational Safety and Health Center (OSHC); and
- (d) Provide technical assistance and human resource support in periodic and special inspection and investigation of OSH-related accidents and as deemed necessary.

CHAPTER VI

PROGRESSIVE ASSESSMENT OF SBSR CAPACITY AND CAPABILITY

SECTION 15. *Assessment and Evaluation of Shipbuilders and Shipyards.* – Three (3) years from the effectivity of this Act, and every three (3) years thereafter, MARINA shall evaluate the capability of domestic shipbuilders and the capacity of registered shipyards in the construction of new ships, including larger classed ships, and shall be enjoined to actively participate in the conduct of monitoring and evaluation.

After every evaluation, MARINA shall provide an assessment or evaluation to the domestic shipbuilder or domestic shipyard, indicating its capability and capacity level, in accordance with the rules and regulations promulgated by MARINA.

SECTION 16. *Certification for Capability to Build Classified Ships Below 1,000 GT.*
– In the first year of evaluation, MARINA shall determine the capability of MARINA-registered shipyards to build new ships below 1,000 GT.

If proven, upon evaluation, that the capabilities of MARINA-registered shipyards to build classed ships below 1,000 GT are sufficient in quantity to meet the domestic demand, MARINA shall certify and promote the capability of such MARINA-registered shipyards. In such case, all domestic shipowners/operators shall be discouraged from importing new or previously owned ships that are less than 1,000 GT for the domestic trade.

CHAPTER VII

SBSR RESEARCH AND DEVELOPMENT

SECTION 17. *Development of Prototype and Novel Type Ships.* – The prototyping and development of novel type ships using alternative sources of energy and other emerging technologies related to maritime activities, such as but not limited to maritime safety, shall be made in coordination with the DOST-PCIEERD.

The prototype ships shall be registered with MARINA by MARINA-registered SBSR entities and classified exclusively as such. Prototype ships are under the ownership of their research and development funding agencies. A prototype ship, once produced and commercialized by a local shipbuilder, shall likewise be granted Pioneer Status, in accordance with the guidelines prescribed by MARINA.

SECTION 18. *Establishment of a SBSR Technology Research and Development Center (STRDC).* – The MARINA, as the primary government agency responsible for regulating the maritime industry, has a crucial role in setting standards, licensing, and promoting the SBSR sector. A research and development center under its purview, would allow for direct application of research outcomes to industry regulations and practices. DOST, with its expertise in science and technology, is well-positioned to provide the research backbone for the SBSR industry.

The STRDC will accelerate technological advancement and efficiently develop and implement new technologies by combining the regulatory expertise of MARINA with the research capabilities of DOST. It will also enhance the industry's competitiveness by focusing on developing solutions to address specific challenges faced by the SBSR industry, improving its global competitiveness.

SECTION 19. *SBSR Human Resource Development.* – The MARINA, with the assistance of the TESDA and the Commission of Higher Education (CHED), shall spearhead the development of training programs, such as competency standards, training regulations, competency assessment tools, and competency-based curriculum development in the SBSR.

SECTION 20. *Naval Architects and Shipyard Professionals.* – The MARINA, in partnership with the Society of Naval Architects and Marine Engineers (SONAME), shall spearhead the enhancement of Naval Architecture programs by developing master's and doctorate degrees offered by state universities and colleges.

SECTION 21. *Protection of Environment.* – The MARINA, in coordination with the Commission of Climate Change (CCC), Department of Environment and Natural Resources (DENR), and Department of Energy (DOE), shall promote and incentivize Green Shipyards using hybrid renewable energy and other emerging technologies to protect the environment, and to reduce carbon footprints and compliance with Republic Act No. 11285 or the Energy Efficiency & Conservation Act, and Republic Act No. 10771 or the Green Jobs Act.

CHAPTER VIII

NATIONAL DEFENSE, ARMED FORCES, AND OTHER GOVERNMENT SHIPS

SECTION 22. *Ships for the Government.* – Ships built exclusively for the use of any branch of the Armed Forces and other government ships of the Philippines shall be treated as a sale to the government; Provided, That the ships meet the standards and requirements of the specific branch of the Armed Forces of the Philippines; Provided, further, That the SBSR entity is awarded or granted the project or commission in accordance with the rules and regulations of Republic Act No. 9184 and its Implementing Rules and Regulations, as amended.

CHAPTER IX

MARITIME INDUSTRIAL PARKS

SECTION 23. *Establishment of Maritime Industrial Parks (MIPs).* – The MIP aims to transform the Philippines as a “go-to-location,” “one-stop shop” for shipbuilding and ship repair, as well as ports and shipping activities. The establishment of an MIP will not only support the modernization of shipbuilding and ship repair facilities in the country, but also the re-integration of Filipino seafarers to work as marine surveyors, technical superintendents, and managers for the SBSR and other maritime ancillary industries.

To ensure the viability and geographic distribution of MIPs through a prioritization system, MARINA shall identify the areas to be designated as maritime industrial parks through the conduct of feasibility study, in accordance with the criteria to be prescribed by MARINA, in coordination with the local government units (LGUs) and/or PEZA or any private industrial estate, which shall voluntarily apply for conversion into an MIP. These areas shall be developed through any of the following schemes:

- (a) Private initiative;
- (b) Local government initiative with the assistance of the national government; or
- (c) National government initiative.

The metes and bounds of each MIP are to be delineated and more particularly described

in a proclamation to be issued by the President of the Philippines, upon the recommendation of MARINA, which shall be established under this Act, and in coordination with the municipal or city council, National Land Use Coordinating Committee or the Regional Land Use Committee.

SECTION 24. *Objectives of the MIP.* – It is the purpose, intent, and objective of the MIP to:

- (a) Establish the legal foundation and systems for integrating, coordinating, planning, and overseeing the MIP;
- (b) Convert designated regions in the nation into highly developed centers for SBSR, ports and shipping, maritime training institutes, commercial, tourism, banking, investment, and financial activities, where businesses can access well-trained workers and efficient services;
- (c) Encourage the influx of both foreign and local investors into MIP, thereby creating job opportunities and establishing reciprocal connections among industries within and surrounding these areas;
- (d) Motivate the return of Filipino seafarers by offering an appealing business environment, incentives, and employment opportunities in the SBSR industry;
- (e) Foster financial and industrial collaboration between the Philippines and developed countries through technology-driven industries, aimed at modernizing the country's SBSR sector and enhancing productivity by leveraging new technological and managerial expertise; and
- (f) Grant certain areas within the MIPs the status of an independent customs region, while respecting the Constitution and maintaining the national sovereignty and territorial integrity of the Philippines.

SECTION 25. *Establishment of Most Commonly Used Marine Spare Parts, Equipment, and Machinery Depot.* – MARINA shall design and designate a marine spare parts, equipment, and machinery logistic system that can reduce the cost and downtime, at the same time, increase the efficiency of manufacturing by increasing the reliability and availability for the SBSR industry.

CHAPTER X FEES, FINES, AND PENALTIES

SECTION 26. *Penalties.* – MARINA, upon notice, hearing, and determination of the existence of any breach or violation of the provisions of this Act, or any rules and regulations issued pursuant thereto, shall have the power and authority to impose fees, fines, and penalties.

SECTION 27. *Forfeiture of incentives.* – Any violation of the tax exemption privileges or incentives provided for in this Act, as well as the terms and conditions for the grant thereof, shall result in forfeiture of all the tax exemptions and incentives granted herein, and the shipbuilder, ship repairer, contractor or importer shall be subject to a fine in an amount equivalent to two hundred percent (200%) of all the taxes affected.

CHAPTER XI IMPLEMENTING RULES AND REGULATIONS

SECTION 28. *Implementing Rules and Regulations.* – MARINA, in coordination with the Inter-Agency Council on Shipbuilding Development, shall promulgate the necessary rules and regulations, and issuances for the implementation of this Act within ninety (90) days from its effectivity.

MARINA shall likewise coordinate with the necessary administrative agencies for the full implementation of this Act.

MARINA shall convene every year and assess the need for any amendment to the implementing rules and regulations.

CHAPTER XII APPROPRIATION

SECTION 29. *Appropriation.* – MARINA shall immediately include in its programs the operationalization requirement of this Act. The funds necessary to effectively carry out the provisions of this Act during the first year of implementation shall be sourced from the available funds of MARINA. Thereafter, such funds as may be necessary for the continued implementation of this Act shall be included in the annual General Appropriations Act.

CHAPTER XIII FINAL PROVISIONS

SECTION 30. *Separability Clause.* – If for any reason, any section, subsection, sentence, clause, or term of this Act is held to be invalid or unconstitutional, such parts not affected by such declaration shall remain in full force and effect.

SECTION 31. *Repealing Clause.* – The relevant provisions of Commonwealth Act No. 146, insofar as the same applies to the operation, management, control, and regulation of ships, lines, ferries, watercrafts, and the like, as well as the relevant provisions of Presidential Decree No. 474, Executive Order No. 125/125A, Republic Act No. 9295, and such other laws, Presidential Decrees, Executive Orders, issuances, rules, and regulations or parts thereof, which are inconsistent with the provisions of this Act are hereby repealed, amended or modified accordingly.

SECTION 32. *Effectivity Clause.* – This Act shall take effect after fifteen (15) days following its publication in at least two (2) newspapers of general circulation.

Approved,